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Governor Eyes Cuts to Transit Projects

State would end support for \$5.4 billion in congestion relief, shift transportation funds.

By Sharon Bernstein, Kurt Streeter and Caitlin Liu Times Staff Writers

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The new administration of Gov. Arnold Schwarzenegger has proposed canceling state support for \$5.4 billion worth of highway and transit projects and shifting \$1 billion worth of transportation money to the general fund, imperiling hundreds of projects meant to relieve congestion and improve air quality.

The governor's plan, which had been unveiled publicly Thursday at a meeting of the California Transportation Commission, would kill the ambitious anti-congestion program set up by former Gov. Gray Davis and approved by voters in last year's Proposition 42.

The effect could be to delay such projects as the Alameda Corridor East rail line to San Bernardino County and the extension of Bay Area Rapid Transit service to San Jose, and to kill others altogether.

This is not the first time that politicians in Sacramento have viewed the plump coffers meant for transportation projects as a giant piggy bank.

Davis borrowed hundreds of millions of dollars from the same source, and former Gov. Pete Wilson drew so heavily on transportation dollars that he was sued over it.

But Schwarzenegger's proposals are even more far-reaching.

The governor would withdraw money that has been promised to 141 projects statewide — even if the work has started. Although Proposition 42 was meant to guarantee that the state's revenue from sales tax on gasoline would be used for anti-congestion projects, the measure was written with several loopholes, which the governor's aides say voters knew were there.

"The voters provided a way to get out of it," said Sue Bost, a Department of Finance administrator who worked on the governor's proposal. "The voters were well aware that there was a possibility that there would be a suspension."

If fully implemented, next year's budget would leave cities and counties with few choices for financing transportation projects.

Although local transportation agencies would be able to petition the state for money from other sources, there already is a \$1-billion backlog of transportation projects for which there is no money this year.

Alternatively, local agencies could raise money on their own to pay for projects, offer to kill other ongoing work instead or simply let the projects die.

"It's a very nervous time right now," said David Yale, regional planning director at Los Angeles' Metropolitan Transportation Authority, who attended a briefing on the plan at Thursday's meeting of the California Transportation Commission in Sacramento.

"I've been around this group of people for 10 years and I have never seen them so worried and downtrodden about what they are going to be able to do for the next few years," Yale said.

In Southern California, cities, counties and local transportation agencies could be forced to come up with their own sources of funding for such high-priority projects as a busway through the San Fernando Valley, a light-rail line to East Los Angeles and planned improvements to the congested intersection of Interstates 5 and 805 in San Diego County.

For its part, the Schwarzenegger administration says that funding cuts are necessary across the board to close a \$14-billion budget gap.

"I don't think anybody has denied that there will be a negative impact on transportation with this proposal," said Bost, the state finance administrator. "There will be."

But, she and others in the administration said, the state must cut spending or face the possibility that it may not be able to pay its bills at the end of the fiscal year.

The governor's proposal may not, however, have an easy passage through the Democrat-dominated Legislature, which must approve it before it can be implemented.

"This work is critical to the overall economy of the state," said Sen. Denise Ducheny (D-San Diego), who sits on the Senate Transportation Committee.

She predicted gridlock on important local roadways, as well as the loss of the construction jobs that accompany transportation projects, if the governor's proposals were approved.

"When you have those kinds of backlogs, you don't have people moving, you don't have rigs moving, you don't have anything going anywhere," Ducheny said. "I think it's a real mistake."

Since word of Schwarzenegger's proposal leaked out earlier this week, some local governments began taking steps to save key anti-congestion projects.

In San Joaquin County, for example, where funding for three highway upgrades worth \$118 million has been sliced from the state transportation budget, the county plans to sell its own bonds.

"We are going to have to do something to get these things built, even if it is a little more costly" said Diane Nguyen, senior regional planner for the San Joaquin Council of Governments, referring to the interest payments on the bonds. "But what do you do? From the state we keep hearing the same thing. There's no money, no money, no money. And they are right. There just isn't much to go around."

The MTA received approval from the California Transportation Commission on Thursday to go ahead with three new Southern California highway projects: a carpool-lane upgrade on the San Diego Freeway near Westwood, a new lane connecting the San Diego Freeway and the Ventura Freeway in Sherman Oaks, and an additional carpool lane on the Golden State Freeway near Mission Hills.

The state agreed to sell bonds on the MTA's behalf; originally those projects would have been funded largely through state transportation accounts.

Sunne Wright McPeak, the governor's new secretary for Business, Transportation and Housing, said she was considering recommending that the administration save some of the most important projects, including the Alameda Corridor East and the BART extension to San Jose.

In the meantime, she said, her agency would evaluate all of the projects eligible for state funding and decide which ones to fund with the limited money that would be left for transportation construction.

Dan Beal, manager of public policy for the Automobile Club of Southern California, said that it's easy for the state to take money away from transportation because the effects are rarely immediate.

Two or three decades could pass before a large capital project — such as a new freeway or busway — moves from planning to design to construction.

But if the work is not done now, he and others said, the result in the future would be gridlock.

A report by the **Southern California Assn. of Governments**, for example, predicts that by 2010 there will be two- to three-hour delays each day in both freight and commuter train traffic between Los Angeles County and the Inland Empire if the \$750-million Alameda Corridor East project is not built.

The project is among those slated to lose its priority funding under the governor's proposal.

"It's unimaginable what will happen if nothing is done to relieve congestion," said Hasan Ikhata, director of policy and planning for the association of governments. "In the next 20 years we're talking about 6 million more people — two cities of Chicago — in this region. People will be frustrated with bad air quality and difficulty of movement."

The cuts could hasten a move, supported by the Bush administration and some urban planners, to bring the private sector in to build road and rail projects and to charge market-rate tolls and fees for their use once they are built.

Aside from their immediate use to balance the budget, Finance Department spokesman H.D. Palmer said the cuts "are a policy statement in favor of programs that are outside the normal accepted method for building transportation projects."

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